

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

December 31, 2010

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required supplementary information)	3 - 8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Governmental Fund Financial Statements:	
Balance Sheet - General Fund	11
Reconciliation of General Fund	
Balance to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and	
Changes in Fund Balance - General Fund	13
Reconciliation of the Statement of Revenues,	
Expenditures, and Changes in Fund Balance of	
General Fund to the Statement of Activities	14
Notes to Financial Statements	15 - 26
REQUIRED SUPPLEMENTARY INFORMATION GENERAL FUND - GOVERNMENTAL FUND, STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL	28
REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	29 - 30
SCHEDULE OF FINDINGS AND RESPONSE	31

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Assessor Second Municipal District,
Parish of Orleans

We have audited the accompanying financial statements of the governmental activities of the Assessor, Second Municipal District, Parish of Orleans, a component unit of the Board of Assessors Parish of Orleans, as of December 31, 2010 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Assessor, Second Municipal District, Parish of Orleans. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's 2009 financial statements and in our report dated June 9, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Assessor, Second Municipal District, Parish of Orleans, as of December 31, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 7, 2011, on our consideration of the Assessor, Second Municipal District's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8, and the budgetary comparative information on page 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cassio & Schmiel, LLP

Metairie, Louisiana

June 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Assessor Second Municipal District, Parish of Orleans', annual financial report, provides the Assessor's narrative discussion and analysis of the financial activities of the Assessor's Office for the year ended December 31, 2010. The discussion focuses on the Assessor's basic financial statements which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

The Assessor's assets exceeded its liabilities by \$135,697 (net assets) for the year ended December 31, 2010. This compares to the previous year when assets exceeded liabilities by \$202,256.

Total net assets are comprised of the following:

- (1) Capital assets include property and equipment, net of accumulated depreciation. At December 31, 2010, property and equipment was fully depreciated.
- (2) Unrestricted net assets of \$135,697 represent amounts available to maintain the Assessor's continuing obligations to the citizens of Orleans Parish.

At the end of the current fiscal year, unreserved fund balance of the General Fund was \$135,697.

During 2005 legislation was enacted to change the means of funding the Board of Assessors, Parish of Orleans. Based on the increase in funding, the Board proportionately increased the allocation to the Second District Assessor Office's.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:

The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

Government-wide Financial Statements:

The Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Assessor's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Assessor as a whole is improving or deteriorating. Evaluation of the overall health of the Assessor would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Assessor's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Assessor's distinct activities or functions on revenues provided by the Assessor's taxpayers.

Fund Financial Statements:

A Fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. The Assessor used a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

Governmental funds are reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements, providing a distinctive view of the Assessor's governmental funds. These statements report short-term accountability focusing on the use of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Fund Financial Statements: - (continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the statement of revenue, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Notes to the financial statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR AS A WHOLE:

The Assessor's net assets at fiscal year-end are \$135,697. The following table provides a summary of the Assessor's net assets:

Summary of Net Assets

	<u>DECEMBER 31, 2010</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>DECEMBER 31, 2009</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
Assets:		
Current assets	\$ 143,731	\$ 208,050
Capital Assets, Net of accumulated depreciation	<u>-</u>	<u>-</u>
Total Assets	\$ <u>143,731</u>	\$ <u>208,050</u>
Liabilities:		
Current liabilities	\$ <u>8,034</u>	\$ <u>5,794</u>
Net Assets:		
Invested in capital assets	\$ -	\$ -
Unrestricted	<u>135,697</u>	<u>202,256</u>
Total Net Assets	\$ <u>135,697</u>	\$ <u>202,256</u>

FINANCIAL ANALYSIS OF THE PARISH ASSESSORS AS A WHOLE: (Continued)

The Assessor reported a positive balance in net assets for its governmental activities. Note that none of the governmental activities' net assets are tied up in capital assets.

The following data is presented on the accrual basis of accounting which means that all costs are presented, however, the purchase of capital assets is not included, but depreciation on the capital assets is included.

The following table provides a summary of the Assessor's changes in net assets:

	<u>DECEMBER 31, 2010</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>DECEMBER 31, 2009</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
Revenue:		
Compensation From Taxing Bodies	\$ 401,040	\$ 151,040
Charges For Services	1,048	6,061
Interest And Investment Earnings	<u>317</u>	<u>1,549</u>
Total Revenue	\$ <u>402,405</u>	\$ <u>158,650</u>
Expenditures:		
Personnel Services And Related Benefits	\$ 402,521	\$ 383,092
Material And Supplies	1,115	2,968
Operating Expense	57,658	45,226
Travel	<u>7,670</u>	<u>8,553</u>
Total Expenses	\$ <u>468,964</u>	\$ 439,839
Change In Net Assets	\$ (66,559)	\$ (281,189)
Beginning Net Assets	<u>202,256</u>	<u>483,445</u>
Ending Net Assets	\$ <u>135,697</u>	\$ <u>202,256</u>

GOVERNMENTAL REVENUE:

The Assessor is reliant on levied property taxes allocated to the Second Municipal District Assessor to support its operations. Allocations to the Assessor provided 99% of the Assessors total revenues. Because of the Assessor's positive financial position, cash has been invested and resulted in \$317 of interest earnings which is used to support activities of the Assessor's office. Also, note that charges for services cover less than 1% of governmental operating expenses. This means that property taxes allocated from taxpayers fund almost 100% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue stream.

GOVERNMENTAL FUNCTIONAL EXPENSES:

Since the Assessor's operations are staff oriented, over 86% of the budget is used for employee salaries and benefits. Other services, material and supplies make up the other 14% of total expenses.

FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND:

The General fund is the Assessor's operating fund and the source of day to day operations. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as expenditures in the same year.

The total ending general fund balance is \$135,697 a decrease of \$66,559 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Assessors activities described above. The total General Fund Balance is unreserved indicating availability for continued Assessor service requirements.

The General Fund ending balance is considered more than adequate, representing more than a year of annual expenditures at their current rate. Although adequate, it is necessary for the Assessor to maintain a strong financial position in order to cover cash flow needs and any deficits that might occur in the future as a result of any subsequent reduction in revenues or increase in unforeseen costs. The Assessor finances operations on a "pay as you go" system; therefore there is no outstanding long-term debt for capital purposes.

General Fund Budgetary Highlights

The variances between budgeted and actual amounts are summarized below:

Revenue - Actual exceeded budgeted amounts by \$65.

Expenditures - Actual was exceeded budgeted amount by \$764.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets:

The Assessor's investment in capital assets for governmental activities are fully depreciated.

Long-term debt:

At December 31, 2010, the Assessor had no long-term debt outstanding. The Assessor may issue general obligation debt to meet its capital needs, but has elected to fund these costs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

ORLEANS PARISH ASSESSOR:

This financial report is designed to provide a general overview of the Assessors finances, comply with finance-related laws and regulation, and demonstrate the Assessor's commitment to public accountability.

Effective January 1, 2011, the Assessor, Second Municipal District, Parish of Orleans, ceased to exist, and all of the assets and liabilities will be transferred to the Orleans Parish Assessor.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

STATEMENT OF NET ASSETS

December 31, 2010

**MEMORANDUM
ONLY - 2009**

ASSETS

Cash (Note A-6)	\$ 4,848	\$ 4,431
Investments (Note A-7)	138,883	203,619
Capital assets, not of accumulated depreciation (Note A-8)	<u>-</u>	<u>-</u>
Total Assets	\$ <u>143,731</u>	\$ <u>208,050</u>

LIABILITIES

Liabilities

Accounts payable and accrued liabilities	\$ <u>8,034</u>	\$ <u>5,794</u>
Total liabilities	\$ <u>8,034</u>	\$ <u>5,794</u>

NET ASSETS

Investment in capital assets	-	-
Unrestricted	<u>135,697</u>	<u>202,256</u>
Total Net Assets	\$ <u>143,731</u>	\$ <u>208,050</u>

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>MEMORANDUM ONLY - 2009</u>
Primary Government				
Governmental Activities				
General	\$ <u>468,964</u>	\$ <u>1,048</u>	\$ <u>467,916</u>	\$ <u>433,778</u>
General Revenues:				
Board of Assessor's Alloment			401,040	151,040
Unrestricted investment earnings			<u>317</u>	<u>1,549</u>
Total general revenues			<u>401,357</u>	<u>152,589</u>
Change in net assets			(66,559)	(281,189)
Net assets				
Beginning of year			<u>202,256</u>	<u>483,445</u>
End of year			\$ <u>135,697</u>	\$ <u>202,256</u>

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**BALANCE SHEET - GENERAL FUND
GOVERNMENTAL FUND TYPE**

December 31, 2010

		MEMORANDUM ONLY - 2009
ASSETS		
Cash	\$ 4,848	\$ 4,431
Investments	<u>138,883</u>	<u>203,619</u>
Total Assets	\$ <u>143,731</u>	\$ <u>208,050</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>8,034</u>	\$ <u>5,794</u>
Total Liabilities	\$ <u>8,034</u>	\$ <u>5,794</u>
Fund Balance		
Unreserved and undesignated	<u>135,697</u>	<u>202,256</u>
Total Liabilities and Fund Balance	\$ <u>143,731</u>	\$ <u>208,050</u>

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**RECONCILIATION OF GENERAL FUND BALANCE TO THE
STATEMENT OF NET ASSETS**

December 31, 2010

		<u>MEMORANDUM ONLY - 2009</u>
Total Government Fund Balance	\$ 135,697	\$ 202,256
Amounts reported in governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet	<u>-</u>	<u>-</u>
Net Assets of Governmental Activities	\$ <u>135,697</u>	\$ <u>202,256</u>

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
GOVERNMENTAL FUND TYPE**

For the year ended December 31, 2010

		MEMORANDUM ONLY - 2009
REVENUES		
Intergovernmental revenue		
Board of Assessors Allotment	\$ 401,040	\$ 151,040
Interest income	317	1,549
Other income	<u>1,048</u>	<u>6,061</u>
Total Revenue	<u>402,405</u>	<u>158,650</u>
EXPENDITURES		
Personnel services and related benefits	402,521	383,092
Travel	7,670	8,553
Operating expenses	57,658	45,226
Material and supplies	<u>1,115</u>	<u>2,968</u>
Total Expenditures	<u>468,964</u>	<u>439,839</u>
Excess of Revenues or (Expenditures)	(66,559)	(281,189)
FUND BALANCE		
Beginning of year	<u>202,256</u>	<u>483,445</u>
End of year	\$ <u>135,697</u>	\$ <u>202,256</u>

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GENERAL FUND TO THE
STATEMENT OF ACTIVITIES**

For the year ended December 31, 2010

		MEMORANDUM ONLY - 2009
Net Change in Governmental Fund Balance	\$ (66,559)	\$ (281,189)
Amount reported for the governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	<u>-</u>	<u>-</u>
Change in Net Assets of Governmental Activities	\$ (<u>66,559</u>)	\$ (<u>281,189</u>)

The accompanying notes are an integral part of this statement.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the entity's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, there shall be seven assessors in New Orleans, who shall compose the Board of Assessors for Orleans Parish. One shall be elected from each municipal district of New Orleans, and each shall be a resident of the district from which he is elected. The assessor shall be elected at the same time as the municipal officers of New Orleans, for terms of four years each. In the event a vacancy occurs in any one of the seven assessors' office, the Board of Assessors shall appoint an interim assessor for the unexpired term. The assessors receive their salaries directly from the Board of Assessors.

The assessor assesses all real and moveable property in his municipal district subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for taxpayers in his district. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

The Assessor completes an assessment listing, exposes this listing for public inspection, submits the list to the governing authority and the Louisiana Tax Commission, who then certifies the tax roll, as prescribed by law. Once the assessment listing is approved, the Assessor submit the assessment roll to the tax collector, who is responsible for collecting and distributing taxes to the various tax recipient bodies.

The assessment rolls of the Assessor, Second Municipal District, Parish of Orleans for the years 2010 and 2009 are as follows:

	<u>Year 2010</u>	<u>Year 2009</u>
Real estate	\$ 394,759,530	\$ 382,539,050
Personal property	48,003,670	50,988,610
Public service rolls	<u>9,748,090</u>	<u>9,607,900</u>
Total	452,511,290	443,135,560
Less homestead exemptions	(<u>42,084,470</u>)	(<u>37,032,210</u>)
Net amount	\$ <u><u>410,426,820</u></u>	\$ <u><u>406,103,350</u></u>

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Reporting Entity

As the governing authority for reporting purposes, the Board of Assessors, Parish of Orleans is the financial reporting entity, the primary government. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Organizations for which the Board of Assessors do not appoint a voting majority, but are fiscally dependent on the Board of Assessors,
 - a. the ability of the Board of Assessors to impose its will on that organization,
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Board of Assessors.
2. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Assessor is an independently elected official, and is a member of the Board of Assessors, Parish of Orleans, however, the exclusion from the Board of Assessors, Parish of Orleans' financial statements would cause the Board of Assessors' financial statements to be misleading or incomplete. Also, the Assessor, Second Municipal District is fiscally dependent on the Board of Assessors. The Board of Assessors has approval authority over the Assessor, Second Municipal District's capital budget. For these reasons, the Assessor, Second Municipal District is determined to be a component unit of the Board of Assessors, Parish of Orleans. The accompanying financial statements present information only on the funds maintained by the Assessor, Second Municipal District, Parish of Orleans, and do not present information on the Board of Assessors, Parish of Orleans. Office space is furnished to the Assessor, Second Municipal District, by the City of New Orleans, as required by the State Constitution, and title to the real property is in the name of the City of New Orleans.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) and the fund financial statements comprise the basic financial statements. Both government-wide and fund financial statements categorize the primary activities. All of the activities of the Assessor, Second Municipal District are classified as governmental.

The Statement of Net Assets and the Statement of Activities provide information about the reporting government as a whole. These statements include all of the financial activities of the Assessor, Second Municipal District .

In the Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis. Net assets are reported in three parts; invested in capital assets, net of any related debt, if any; restricted net assets; and unrestricted net assets. The Assessor, Second Municipal District has no restricted net assets.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

3. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Assessor, Second Municipal District are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions of activities.

Fund Accounting

The Assessor, Second Municipal District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Assessor, Second Municipal District only uses governmental funds.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

New Reporting Requirements

The Assessor, Second Municipal District adopted the provision of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis (MD & A) for State and Local Governments for the first time this year. The Assessor, Second Municipal District will be treated as a governmental-type activity for financial reporting purposes. The requirements for the Assessor, Second Municipal District established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis, (b) Basic Financial Statements, and (c) Required Supplementary Information (other than MD&A).

General Fund

The General Fund, as provided by Louisiana Revised Statute 47:1906, is the principal operating fund of the Assessor, Second Municipal District, Parish of Orleans and accounts for all financial resources, except those required to be accounted for in another fund. Revenues are accounted for in the General Fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908 is accounted for in the fund.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Budget and Budgetary Accounting

The Board of Assessors, Parish of Orleans, legally adopts an annual budget, which authorizes the annual appropriation of the Assessor's office. The budgetary practices include public notice, participation and inspection. Additionally, the Board of Assessor's budget authorizes supplementary appropriations during the year to the Assessor, Second Municipal District, Parish of Orleans. Since the Board of Assessors legally adopts a budget, the Assessor, Second Municipal District, Parish of Orleans, is not required to follow the legal budgetary practices of public notice, participation and inspections.

5. Vacation and Sick Leave

The employees of the Assessor, Second Municipal District, Parish of Orleans, earn two weeks of vacation leave each year and earn one and one-half days of sick leave each month. Vacation leave not used at the end of the year is not carried over to the next year, consequently vacation leave is not accrued at the end of the year. Sick leave is limited to 90 days. Vacation and sick pay expenditures are charged to operations when taken by the employees of the Assessor, Second Municipal District, Parish of Orleans. Unused sick leave can be taken only in the event of illness and is not convertible to pay upon termination of employment or retirement, accordingly, no accruals are reflected in the accounts.

6. Cash and Cash Equivalents

Under State Law, the assessor may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with State banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximate market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Investments

Investments represent funds deposited in the Louisiana Asset Management Pool (LAMP), a state sponsored external investment pool. Their financial statements are available from LAMP upon request. This investment, reported at fair value, is not required to be categorized under Government Accounting Standards Board Statement No. 3.

8. Capital Assets

The capital assets used in the governmental - type activities are included in the Statement of Net Assets and are capitalized at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The assessor maintains a threshold level of \$1,000 or more for capitalizing capital assets.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Subsequent Events

The subsequent events of the municipal district were evaluated through the date the financial statements were available to be issued (June 7, 2011).

11. Total Memorandum Only Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE B - PENSION PLAN

All full-time employees of the Assessor, Second Municipal District, Parish of Orleans, are members of the Louisiana Assessor's Retirement System.

The retirement system is a state-wide defined benefit multiple employer public retirement system. The system is administered and controlled by a separate board of trustees, with contribution rates approved by the Louisiana Legislature. Contributions for participants and the Board's allotment are pooled within the system to fund accrued benefits. The Assessor, Second Municipal District, Parish of Orleans does not guarantee the benefits granted by the retirement system.

Following is a summary of the Louisiana Assessor's Retirement Fund for the most recent valuation date, which was September 30, 2010.

<u>Actuarial Value of Plan Assets</u>	\$ <u>222,141,802</u>
---------------------------------------	-----------------------

<u>Unfunded Pension Benefit Obligation</u>	\$ <u>21,590,624</u>
--	----------------------

1) Amount of the Assessor, Second Municipal District, Parish of Orleans, Current Year Covered Payroll	\$ <u>218,000</u>
---	-------------------

Amount of the Assessor, Second Municipal District, Parish of Orleans, Current Year Total Payroll	\$ <u>296,000</u>
--	-------------------

- 2) All full time employees of the Assessor, Second Municipal District, Parish of Orleans, are members of the Retirement System.

Retirement benefits are computed based on the highest thirty-six (36) consecutive or joined months of salary.

A participant may retire after twelve (12) years of creditable Service and 55 years of age or older, or at age 50 with 30 years creditable service.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE B - PENSION PLAN - Continued

- 3) The Louisiana Assessor's Retirement Fund was created by provision of Act 91 of the 1950 Legislature, as amended, up to and including Act 256 of 1986 and required the following provisions:

The Assessor, Second Municipal District, Parish of Orleans, contributed 21.5% of the covered Payroll for January through December 2010, which is remitted to the Louisiana Assessor's Retirement Fund.

- 4) Retirement plan contributions for the year amounted to \$46,870. These funds are remitted to the Louisiana Assessor's Retirement Fund.
- 5) The assumptions used for valuation were the same as those utilized for the prior year.
- 6) The Louisiana Assessor's Retirement System, a cost-sharing multiple-employer plan, does not conduct separate measurements of assets and pension benefit obligations for individual employers. Also, membership data is not available by individual employer. The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits for the state-wide plan:

Active Members	\$ 243,578,753
Retirees, beneficiaries and terminated employees	<u>113,271,119</u>
Total pension benefit obligation	\$ <u>356,849,872</u>
Total net assets available for benefits	\$ <u><u>222,141,802</u></u>

- 7) The historical trend information shall be included in the separately issued Louisiana Assessor's Retirement Fund annual report.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE C - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2010, is as follows:

	BALANCE JANUARY <u>1, 2010</u>	ADDITIONS	(DELETIONS)	BALANCE DECEMBER <u>31, 2010</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Furniture and Equipment	\$ 22,449	\$ -	\$ -	\$ 22,449
Less Accumulated Depreciation:				
Furniture and Equipment	(22,449)	-	-	22,449
Capital Assets, Net	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE D - OPERATING LEASE

The Assessor leases automotive equipment under an operating lease agreement. The lease expired in May, 2010. Total rent expense under operating leases for the year ended December 31, 2010 totaled \$1,620.

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description - The Assessor, Second Municipal District, Parish of Orleans, participates in a comprehensive medical plan sponsored by the Louisiana Assessor's Association. Medical benefits are made available to employees upon actual retirement.

Contribution Rates - Employees do not contribute to their post employment benefits costs. The plan provisions are contained in the official plan documents.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

Funding Policy - Effective January 1, 2010 the Assessor, Second Municipal District, Parish of Orleans, implemented Government Accounting Standard Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension (GASB 45).

Annual Required Contribution - The Assessor, Second Municipal District, Parish of Orleans, Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The total ARC for the calendar year 2010 is \$8,556, as set forth below:

	<u>Medical</u>
Normal Cost	\$ 2,943
Amortization of UAAL	<u>5,655</u>
Annual required contribution	<u>\$ 8,558</u>

Net Post-employment Benefit Obligation - The table below shows the Assessor, Second Municipal District, Parish of Orleans' Net Other Post-employment Benefit (OPEB) Obligation for the year December 31, 2010:

	<u>Medical</u>
Beginning Net OPEB Obligation at 1/1/10	\$ <u>1,300</u>
Annual required contribution	8,558
Interest on Net OPEB Obligation	-
ARC Adjustment	<u>-</u>
Annual OPEB cost	8,558
Contribution	-
Current year retiree premium	(7,424)
Changes in Net OPEB Obligation	<u>1,134</u>
Ending Net OPEB Obligation at 12/31/10	<u>\$ 2,434</u>

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The following table shows the Assessor, Second Municipal District, Parish of Orleans' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded PEB liability:

Post Employment Benefit	Year Ended	Annual OPED Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	December 31, 2010	\$8,558	83%	\$1,134

Funded Status and Funding Progress - As of December 31, 2010, the most recent actuarial valuation date, the plan was 85% funded. The actuarial accrued liability for benefits was \$8,556. The plan has no assets, resulting in an unfunded actuarial accrual liability (UAAL) of \$2,434.

	<u>Mutual</u>
Actuarial Accrued Liability (AAL)	\$ 8,558
Actual Value of Plan Assets	-
Unfunded actuarial accrued liability	2,434
Funded Ratio	0%

All members are retirees, there was no payroll for active employees covered by the plan. The ratio of the UAAL to the covered payroll is not applicable.

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumptions); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Assessor, Second Municipal District, Parish of Orleans, and its plan members at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Assessor, Second Municipal District, Parish of Orleans, and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - the ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets - Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoother market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Mortality Rates - The Mortality rates used the RP2000 system table with floating scale AA projections for males and females.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. Retirees are covered for health insurance after age 55, and 12 years of service, or 30 years of service at any age. The discount rate for valuing liabilities is 4% per annum, compounded annually.

NOTE F - SUBSEQUENT EVENTS

Effective January 1, 2011, the number of assessors serving Orleans Parish was reduced from seven to one single assessor. The Assessor, Second Municipal District ceased to exist after December 31, 2010. All of the assets and liabilities will be transferred to the Orleans Parish Assessor.

SUPPLEMENTAL INFORMATION

**ASSESSOR SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**Required Supplementary Information
General Fund - Governmental Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010**

	<u>Budget</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	Variance With Budget Favorable (Unfavorable)
GENERAL REVENUES			
Intergovernmental revenue			
Board of Assessors Allotment	\$ 401,040	\$ 401,040	\$ -
Interest income	300	317	17
Other income	<u>1,000</u>	<u>1,048</u>	<u>48</u>
Total General Revenues	<u>402,340</u>	<u>402,405</u>	<u>65</u>
 EXPENDITURES			
Personnel services and related benefits	402,000	402,521	(521)
Travel	7,600	7,670	(70)
Operating expenses	57,600	57,658	(58)
Materials and supplies	<u>1,000</u>	<u>1,115</u>	<u>(115)</u>
Total Expenditures	<u>468,200</u>	<u>468,964</u>	<u>(764)</u>
 Excess of Revenues over Expenditures	(65,860)	(66,559)	699
Fund Balance - Beginning of Year	<u>202,256</u>	<u>202,256</u>	<u>-</u>
 Fund Balance - End of Year	\$ <u>136,396</u>	\$ <u>135,697</u>	\$ <u>699</u>

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Assessor Second Municipal District
Parish of Orleans

We have audited the basic financial statements of the Assessor, Second Municipal District, Parish of Orleans, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Assessor, Second Municipal District, Parish of Orleans' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor, Second Municipal District, Parish of Orleans' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assessor, Second Municipal District, Parish of Orleans' internal control over financial reporting.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Assessor, Second Municipal District, Parish of Orleans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cascio & Schmitt, P.C.

Metairie, Louisiana
June 7, 2011

**ASSESSOR
SECOND MUNICIPAL DISTRICT
PARISH OF ORLEANS**

**SCHEDULE OF FINDINGS AND RESPONSE
Year Ended December 31, 2010**

A. SUMMARY OF AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

We have audited the financial statements of Assessor, Second Municipal District, Parish of Orleans as of and for the year ended December 31, 2010, and have issued our report thereon dated June 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010, resulted in an unqualified opinion.

B. SUMMARY OF AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

Internal Control

Significant deficiencies - NONE

Compliance and Other Matters

Noncompliance or other matters required to be reported - NONE

QUESTIONED COSTS - NONE

PRIOR YEAR FINDINGS - NONE